

Tax Expenditures

**For additional information refer to: “Executive Budget Appendix on Tax Credits, Deductions, and Exemptions, Fiscal Year 2005.” Available on the Web at:
http://www.michigan.gov/documents/ExecBudgetReportonTaxCreditsDeductionsandExemptionsFY2005_103211_7.pdf**



Tax Expenditures by Goal (Thousands)

FY 2006 Tax Expenditure
Estimate
('000)

EDUCATION

Single Business Tax Expenditures

Apprenticeship Tax Credit	\$0
Higher Education Contributions Credit	\$0

Sales and Use Tax Expenditures

Driver Training	\$674
Food for Students	\$32,139

State Income Tax Expenditures

College Savings Accounts	\$11,549
Higher Education/Public Contributions Credit	\$18,169
Tuition Credit	\$3,756

Subtotal	\$66,287
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ECONOMY

Insurance Company Retaliatory

Supplemental Workers' Compensation	\$0
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Tobacco Products Tax

Bad Debt Deduction	\$800
Licensee Expenses	\$17,500

Oil and Gas Severance Tax

Marginal Wells	\$2,170
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ECONOMY (CONTINUED)**Single Business Tax Expenditures**

Agricultural Producers	\$7,202
Brownfield Zone Credit	\$38,472
Compensation Exemption	\$96,437
Enterprise Zone Credit	\$0
Excess Compensation Reduction	\$139,162
Floor Plan Interest Deduction	\$1,125
Gross Receipts Reduction	\$102,327
Gross Receipts Threshold	\$51,022
Insurer's Exemption From Gross Receipts	\$0
Insurer's Facility Assessment Credit	\$51,817
Iron Ore Credit	\$0
Michigan Economic Growth Authority	\$26,557
Multiple Employer Welfare Arrangement	\$0
Officer Compensation	\$0
Pharmaceutical Research Credit	\$5,649
Renaissance Zones	\$3,000
Small Business Credit	\$64,649
Statutory Exemption	\$5,851
Supplemental Workers' Compensation	\$0
Unincorporated Business Credit	\$60,577
Utility Property Tax Credit	\$4,784

Sales and Use Tax Expenditures

Aircraft Parts	\$8,601
Bad Debts	\$63,489
Cargo Aircraft	\$30,000
Collection Fee	\$16,634
Commercial Domestic Aircraft	\$5,000
Communication and Telephone Exemption	\$37,000
Delayed Payment on Construction Materials	\$3,089
Employee Meals	\$8,243
Gratuities and Tips	\$61,263
Horticultural and Agricultural Products	\$130,275
Imported Property from Other States	\$3,200
International Communications	\$21,968
Interstate Trucks and Trailers	\$40,501
Investment Coins	\$400
Newspapers, Periodicals, and Films	\$102,047

ECONOMY (CONTINUED)**Sales and Use Tax Expenditures (Continued)**

Radio and TV	\$4,400
Rail Rolling Stock	\$1,699
Residential Utilities	\$117,500
Returned Vehicles	\$1,100
Sale of Water	\$68,454
Telephone Services	\$17,929
Vehicles and Aircraft Transfers	\$50,945
Vending Machines and Mobile Facilities	\$25,200

State Income Tax Expenditures

Renaissance Zones	\$248
Oil and Gas Deduction	\$5,000

Aviation Gasoline and Marine Fuel

Interstate Flight Refund	\$3,362
Marine Vessel Exemption	\$726

Motor Fuel Taxes

Diesel Fuel for Jobsites and Charter Firms	\$5,300
Evaporation and Loss Allowance	\$14,500
Fuel for Off-Road Use	\$976
Municipal Franchise Vehicles	\$414

Property and Other Local Tax Expenditures

Agriculture Transfers - State & Local Total	\$30,400
Enterprise Zone Credit - State & Local Total	\$0
Industrial Facilities Development - State & Local Total	\$310,000
Mobile Homes - State & Local Total	\$53,000
Neighborhood Enterprise Zones - State & Local Total	\$7,500
Obsolete Property Rehabilitation - State & Local Total	\$3,500
Railroad Right-of-Way/Broadband Credit	\$43,000
Renaissance Zones - State & Local Total	\$80,000
Tax Increment Financing - State & Local Total	\$270,000
Water Softeners - State & Local Total	\$1,160

Subtotal	\$2,327,122
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HEALTH AND HUMAN SERVICES

Single Business Tax Expenditures

Health Insurance Deduction	\$14,153
Homeless/Food Bank Credit	\$0

Sales and Use Tax Expenditures

Nonprofit Hospital or Housing Construction	\$10,946
Ophthalmic and Orthopedic Products	\$52,248

State Income Tax Expenditures

Adoption Credit	\$0
Home Heating Assistance Credit	\$0
Homeless/Food Bank Credit	\$13,311

Property and Other Local Tax Expenditures

Poverty Exemption - State & Local Total	\$2,500
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Subtotal **\$93,157**

HOMETOWN SECURITY

Sales and Use Tax Expenditures

Inmate Purchases	\$638
Military PX Sales	\$1,843

State Income Tax Expenditures

Military Pay and Pensions	\$9,178
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Motor Vehicles Registration Fee

Disabled Veterans' Vehicles	\$225
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Subtotal **\$11,884**

**FY 2006 Tax Expenditure
Estimate
('000)**

ENVIRONMENT

Single Business Tax Expenditures

Corporate Farm Property Tax Credit	\$0
Next Energy Credit	\$5,577

Sales and Use Tax Expenditures

Air and Water Pollution	\$46,000
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State Income Tax Expenditures

Farmland Credit	\$0
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Property and Other Local Tax Expenditures

Air and Water Pollution Control - State & Local Total	\$140,000
Energy Conservation Devices - State & Local Total	\$480
Next Energy Exemption - State & Local Total	\$1,000

Subtotal	\$193,057
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BETTER GOVERNMENT

Single Business Tax Expenditures

Community Foundation Credit	\$0
Government Utilities Exemption	\$9,702
Historic Preservation Credits	\$0
Nonprofit Organizations	\$74,116

Sales and Use Tax Expenditures

Church Construction	\$3,200
Church Cars	\$4,353
Government or Red Cross	\$187,546
Nonprofit Organizations	\$185,121

State Income Tax Expenditures

Adjustments to Income	\$1,473,536
Community Foundation Credit	\$2,173
Historic Preservation Credit	\$413

FY 2006 Tax Expenditure
Estimate
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BETTER GOVERNMENT (CONTINUED)

Aviation Gasoline and Marine Fuel

Federally Owned Aircraft \$267

Motor Fuel Taxes

Public Vehicles \$13,598

Motor Vehicles Registration Fee

Public and Nonprofit Vehicles \$15,652

Watercraft Registration Fee

Publicly-Owned Vehicle \$14

Subtotal **\$1,969,692**

Grand Total **\$4,661,199**

Note: Estimates are made assuming the tax expenditure would be suspended commencing October 1, 2005 or, for taxes paid on a tax year basis, for tax years commencing in the 2005-2006 fiscal year. Estimates of FY 06 revenue at \$0 due to assumption that change in law for tax year commencing in FY 06 would not result in a change in estimated payments but would instead be reflected in annual payments accounted for as FY 07 revenue.